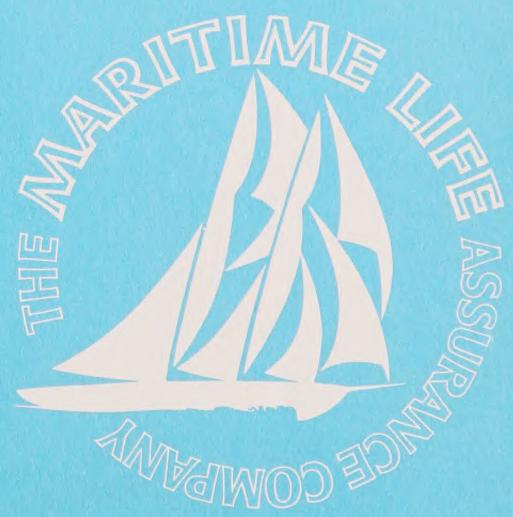


AR06

annual report 1969



board of directors

W.H.C. SCHWARTZ, Halifax
Chairman of the Board, The Maritime Life Assurance Company
Chairman of the Board, W.H. Schwartz & Sons Ltd.

R.G. SMITH, Halifax
Vice Chairman of the Board, The Maritime Life Assurance Company
Former President, National Sea Products, Ltd.

R.F. RICHARDSON, Halifax
President and Chief Executive Officer,
The Maritime Life Assurance Company

AIR MARSHALL HUGH CAMPBELL, C.B.E., C.D., Ottawa

H.R. COHEN, L.L.B., Moncton, N.B.
Senior Partner, H.R. Cohen

R. ROSS CRAIG, Hamilton, Ont.
Executive Vice President, Commercial,
Dominion Foundries and Steel Company

ALLAN D. FOULIS, Halifax
President and Managing Director, Foulis Engineering Sales Ltd.

JOHN T. LONGMOORE, Boston, Mass.
Vice President and Associate Actuary,
John Hancock Mutual Life Insurance Company

ARTHUR R. LUNDRIGAN, Corner Brook, Nfld.
President and Chief Executive, Lundrigan's Ltd.

VICTOR A. LUTNICKI, Boston, Mass.
Executive Vice President - Group Operations,
John Hancock Mutual Life Insurance Company

DONALD McINNES, Q.C., L.L.D., DCL, Halifax
Senior Partner, McInnes, Cooper & Robertson

F.A. NICKERSON, Yarmouth, N.S.
President and Resident Manager, Ross Drug United Ltd.

WILLIAM C. WHITTEMORE, Boston, Mass.
Senior Vice President and Treasurer,
John Hancock Mutual Life Insurance Company

honorary directors

BERNARD LOCKWOOD, F.F.A., Halifax
Former General Manager,
The Maritime Life Assurance Company

J.A. WALKER, Q.C., L.L.D., K.C.S.G., Halifax
Senior Partner, Walker, Dunlop, Bushell & Caldwell

president's report

On behalf of the Board of Directors, I have pleasure in presenting the 46th Annual Report and Financial Statement of the Maritime Life Assurance Company for the year ending December 31, 1969.

The most significant development during 1969 was, of course, the completion of our arrangements with the John Hancock Mutual Life Insurance Company of Boston.

In last year's report, it was indicated that the purpose of the new arrangements was to acquire capital and certain technical services for our expansion program. The soundness of this decision was amply demonstrated in 1969.

In the life insurance business, the expense of marketing and issuing a new policy, together with the funds set aside to guarantee the policyholder's future benefits, require an investment of Company surplus. This feature, combined with our ambitious expansion plans, has resulted in a deficit from operations in 1969, and will probably result in a series of deficits over the next few years. It is important to note that our plans call for these investments to be made on a basis which provides security and a reasonable rate of return to our policyholders and shareholders.

To implement these plans and to meet the surplus requirements for a greater volume of business in force, our capital and surplus were strengthened during 1969.

Paid in capital was increased from \$250,000 to \$562,500 through calls on 10,000 shares of \$25 per share and the issue of an additional 1,250 shares of a par value of \$50 each. In addition, the major shareholder contributed a paid in surplus of \$687,500. Provision has been made for further capital increases in 1970.

Sales of ordinary insurance (as measured by annualized first year premiums) showed an increase of 26% over 1968. Converting premiums to volume in a manner consistent with previous reports gives sales of \$78,186,000 in 1969, \$62,080,000 in 1968.

These figures do not include new group insurance sales. Several large new group cases substantially increased our business in force in 1969.

Our average size ordinary policy marketed during 1969 increased by 20%. In our continuing effort to provide our policyholders with the lowest possible cost of insurance protection, this has been a most significant achievement.

The net rate of interest earned rose from 5.83% in 1968 to 5.91% in 1969.

No dividends were declared for shareholders for the year 1969.



R. FRED RICHARDSON

Five professional life insurance executives and two outstanding Canadian businessmen were elected to our Board of Directors:

Mr. R. Ross Craig, Mr. John T. Longmoore, Mr. Arthur R. Lundrigan, Mr. Victor A. Lutnicki, Mr. Frank B. Maher, Mr. R. Fred Richardson and Mr. William C. Whittemore.

The Company also appointed the first two Honorary Directors in its history:
Mr. Bernard Lockwood and Mr. J.A. Walker, Q.C., each of whom has served
Maritime Life over many years.

In January, 1970, Mr. Frank B. Maher resigned as a Director upon being appointed President and Chief Operations Officer of the Hancock.

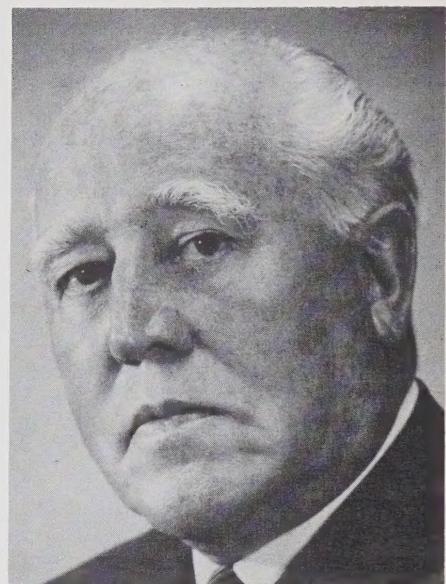
Mr. W.H.C. Schwartz was appointed Chairman of the Board, Mr. R.G. Smith, Vice Chairman of the Board, and Mr. R.F. Richardson, President and Chief Executive Officer.

The strength of the Company's position, outlined in this report, is the result of the progress made in the past 15 years. It is fitting, at this time, that we acknowledge the role that Mr. W.H.C. Schwartz played as President in this remarkable progress. As an "outside" President, he took on the forbidding challenge of a very small life insurance Company with declining sales and business in force. He said that the Company must grow and saw that it did. His role in the Company can never be duplicated, but the policy and the spirit can, and will be, carried on.

1969 has been an important year for Maritime Life. Some of the other developments during the past year are covered elsewhere in this Report.

With our popular equity insurance, our growing field organization of successful career representatives, our young, enthusiastic Head Office team, and our newly-acquired capital and technical support, we propose to push on with our expansion in 1970.

To all of those associated with the Company, our sincere thanks for a remarkable job. The future of this great Company rests in your hands.



W.H.C. SCHWARTZ

some 1969 highlights

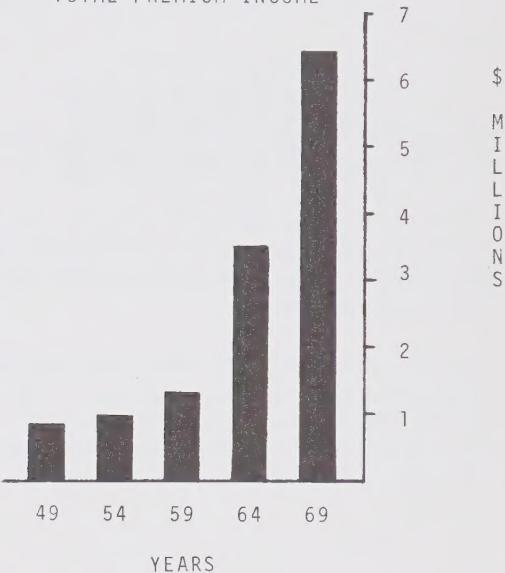
statistics: an exceptional year

In a Company where new developments and new challenges unfold with each passing year, 1969 must still rank as an exceptional year to everyone associated with Maritime Life.

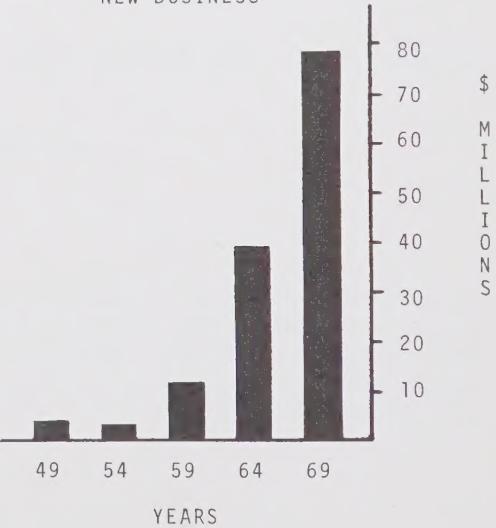
During 1969, we established new records in ordinary sales, total premium income, and, in fact, in every statistic making up the story of a Company's progress. The accompanying graphs demonstrate the growth pattern over recent years. A few figures, as they relate to the year 1969, are worth noting.

	1969	1968	1964	1959
Sales	\$78,186,000	\$62,080,000	\$38,238,000	\$10,839,401
Premium Income	6,421,527	5,754,681	3,634,155	1,471,546
Payments to Policyholders and Beneficiaries	3,306,816	2,710,903	1,903,170	745,241

TOTAL PREMIUM INCOME



NEW BUSINESS



company policy and philosophy: individuals are important

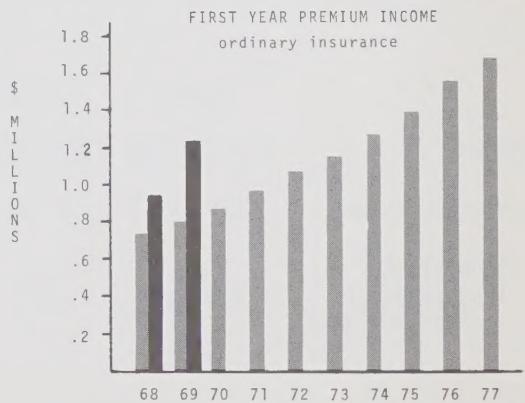
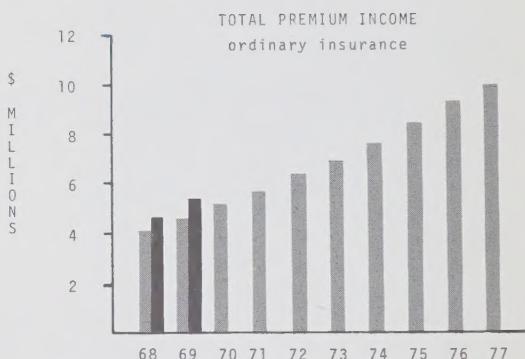
Our Board of Directors officially approved a statement of basic policy and an extensive outline of our philosophy of operations.

"The basic policy of Maritime Life is to expand our sales and services to an ever-increasing number of policyholders as rapidly as possible, consistent with efficient service to our policyholders and representatives and consistent with financial soundness."

The key philosophy on which Maritime Life has based its success to date is that each individual who works for us is important; each wishes to make a contribution to the Company and to be involved with the success of the Company. "The success of the Company, therefore, depends on the success of each of the individuals who make up the Company."

aims and objectives: double the industry

Our Board of Directors also approved a set of long range objectives. Our goal was set to expand ordinary insurance in force at a compound rate of growth double that achieved by the Industry over the past 10 years. This is a challenging objective and one that is worthy of the best efforts of each of the people associated with Maritime Life.



■ 10 YEAR OBJECTIVES
■ RESULTS TO DATE

group insurance: starting big

We entered the group field on a major scale with the winning of several large group cases before the end of the year. We are now equipped to handle all technical aspects of group sales and services, and group regional offices have been established in Halifax and Toronto. The size and complexity of the cases already sold are indicative of the capacity and ingenuity of our group operations to meet client requirements and competition.



armed services group insurance: sisip arrives

In a consortium with The National Life Assurance Company of Canada, Maritime Life was named prime carrier on the tender bid for the Canadian Armed Forces' Group Insurance Plan. This Plan (SISIP) was designed and is marketed by the Canadian Armed Forces. Unfortunately, the introduction of SISIP made it necessary to discontinue our TS-70 Plan for members of the Armed Forces. Every effort has been made, through substitute TS plans and individual counselling, to fill the gaps created by the cancellation of TS-70 which were not covered by SISIP. Through our Armed Services Division, we continue to be the leader in providing insurance counsel and service to military personnel.

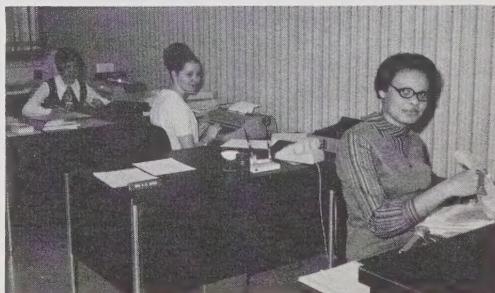
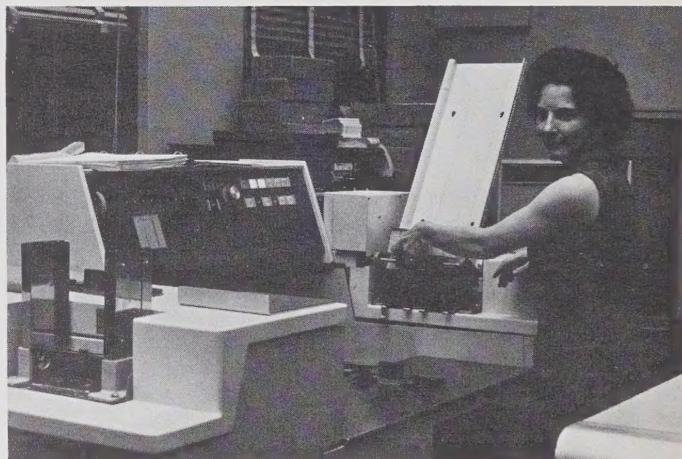
branch office development: a major expansion

Increased sales of ordinary business during the year, together with plans for further sales growth in 1970 and the years ahead, resulted in a major expansion of our Branch Office facilities. Expanded new premises were acquired in Toronto, Kingston (Jamaica), Sydney, Montreal, Halifax, and St. John's. Additional space was added to our offices in the Armed Services Division in Ottawa, Corner Brook, and Port of Spain.



edp operations: a computer helps

The increasing flow of data required to provide efficient service to our policyholders and to our field organization has made it necessary to move from tabulating equipment to the computer. The transition to a Univac 9200 was made smoothly at year end. A new agent's statement, giving a complete review of an agent's financial, production, and quality picture is one of the first developments which has been made possible by the use of the computer. Improved management information techniques will be developed, with emphasis on support and analysis of sales operations, together with profitability analysis and control. These areas are deemed essential to the long term net cost of our products to the policyholder.



personnel: the most impressive growth of all

1969 saw the greatest growth in personnel in our history.

We expanded our field organization as rapidly as was consistent with sound selection and training. Our "Venture Growth" equity-linked variable insurance contract continued to meet public favour and the need for greater numbers of representatives to handle this market potential was apparent. The introduction of the equity concept placed still greater emphasis on training. Maritime Life's Equity Training Program for all representatives was one of the first in the Industry.

Total staff in Head Office was increased by 32%. Such a large percentage of relatively new personnel carries with it the problems of inexperience. Fortunately, the high calibre of these recruits should quickly offset this disadvantage and improve productivity. Recognizing the future management requirements of a large company, a number of management trainees were employed during 1969, and a university recruiting program will continue in the years ahead. All staff members are encouraged to pursue professional insurance courses, and responsibility is given early in the career.

On the success of each of these individuals in their field and Head Office careers rests the ultimate success of our organization.



maritime life progress bonus and savings plan: involvement is the key

A Progress Bonus and Savings Plan was introduced for our salaried employees and a Savings Plan for our field organization early in 1970. The Progress Bonus has been made retroactive to 1969.

The Progress Bonus is unique in the insurance industry and provides increased earnings for salaried employees on an incentive basis. The Bonus stresses the contribution of each individual to the profitability goals of the Company and is in keeping with the Company's philosophy of the importance of the role of each individual.

The Savings Plan makes it possible for each salaried employee and Branch Office representative to participate in our Venture Growth operation on a no charge group basis.

It is hoped that these new developments will encourage further involvement of all of our staff with total Company goals. This involvement is the key to our continued success.



administration changes: to recognize our commitment

In addition to the creation of the middle management level reported last year and some additions at this level, it has been necessary to make new appointments at the Executive Officer level. In July, 1969, Mr. R. E. Tierney joined Maritime Life as Director of Group Operations. In January, 1970, Mr. B. L. Burnell became Director of Actuarial Services with responsibility for the actuarial side of our group life and pension business, and Mr. M. L. Hepher joined Maritime Life as Actuary, Ordinary Insurance.

These changes recognize our major commitment to the development of the group insurance side of our business and to the provision of adequate technical support to our field organization.

a look toward 1970:

progressive expansion and individual development

As shown on the 10-year objective graph, we have exceeded our 1969 ordinary insurance goals. Total premium income reached the objective for June, 1971, and sales reached the objective for 1974. With the momentum of a strong field organization and the support and involvement of our Head Office team, we will continue our progressive expansion. A further substantial sales increase is anticipated in 1970.

Our extraordinary sales growth is not without its problems and challenges to our staff and representatives at all levels. During 1970, we will stress administrative efficiency in service to our customers and profitability controls to maintain and improve the net cost of our product.

Continued emphasis will be placed on increasing the average size policy, to offset cost and salary inflation. Improved productivity can be expected, with consequent reduction in unit costs in our expanded offices. Our representatives will be encouraged and assisted in their development as professional insurance counsellors.

The management structure in the Head Office will be further strengthened. Still greater emphasis will be placed on the career development of each of the individuals at all levels on our Head Office staff. Pride in efficient service and a feeling of involvement with the departmental and Company objectives will be encouraged.



OUR SUCCESSFUL LOMA STUDENTS

comparative statement of operations

	1969	1968
INCOME		
Premium Income	\$6,421,527	\$5,754,681
Consideration for Settlement Annuities	10,742	49,011
Investment Income including Capital Items related to Variable Benefits	<u>1,708,459</u>	<u>1,640,991</u>
	<u>\$8,140,728</u>	<u>\$7,444,683</u>
DISPOSITION OF INCOME		
Policy Benefits	\$2,811,050	\$2,298,820
Provision for Future Policy Benefits	1,507,566	1,748,531
Dividends to Policyholders	495,766	412,083
Interest Items and Pension Funds	186,614	158,971
Expenses, Commissions and Taxes	<u>3,556,032</u>	<u>2,489,955</u>
	<u>8,557,028</u>	<u>\$7,108,360</u>
NET GAIN OR (DEFICIT) FROM OPERATIONS	<u><u>\$(416,300)</u></u>	<u><u>\$ 336,323</u></u>

comparative balance sheet

ASSETS

	1969	1968
Bonds	\$17,589,934	\$17,378,937
Stocks	1,347,288	791,710
Stocks and other items held for the Account of Variable Benefits	440,183	192,320
Mortgages	8,325,460	7,269,182
Real Estate	418,639	418,639
Policy Loans	2,648,878	2,079,402
Cash	462,332	444,277
Investment Income, Due and Accrued	431,515	374,891
Outstanding Premiums	517,408	408,353
Other Assets	14,703	34,164
	<u><u>\$32,196,340</u></u>	<u><u>\$29,391,875</u></u>

NOTE: The bonds and stocks are carried at book values, and the Reserve for Investments is more than sufficient to cover the excess of book values over the values authorized by the Canadian and British Insurance Companies Act.

SIGNED ON BEHALF OF THE BOARD

W.H.C. Schwartz, Chairman of the Board

R.F. Richardson, President

comparative statement of surplus

	1969	1968
SURPLUS BEGINNING OF PERIOD	\$ 1,626,606	\$ 1,065,439
ADD		
Net Gain from Operations	336,323	
Net Capital Gain on Investments	11,887	
Special Decrease - Provisions for Future Benefits	488,438	
Paid-in Surplus	687,500	\$ 1,902,087
DEDUCT		
Net Deficit from Operations	\$ 416,300	
Net Currency Adjustments	1,175	\$ 481
Increase Reserve for Investments	600,000	250,000
Special Increase - Provision for Future Benefits	215,117	25,000
Dividends to Shareholders	1,232,592	275,481
SURPLUS END OF PERIOD	1,095,043	1,626,606

as at 31st december

LIABILITIES, CAPITAL AND SURPLUS

	1969	1968
Policyholders		
Provision for Future Benefits	\$23,597,558	\$21,882,025
Provision for Dividends	532,020	497,040
Outstanding and Unreported Claims	776,848	777,329
Amounts left on Deposit	2,227,016	1,942,390
	<u>\$ 27,133,442</u>	<u>\$ 25,098,784</u>
Bank Advances	487,985	138,051
Pension Funds	669,827	671,533
Provision for Retired Employees	63,000	63,000
Miscellaneous Liabilities	584,543	543,901
Reserve for Investments	1,600,000	1,000,000
Capital Stock Paid-Up	562,500	250,000
Surplus	<u>1,095,043</u>	<u>1,626,606</u>
	<u><u>\$ 32,196,340</u></u>	<u><u>\$ 29,391,875</u></u>

AUDITORS' REPORT

We have examined the accompanying financial statements of the Maritime Life Assurance Company for the year ending December 31, 1969 comprising the balance sheet as at that date and the statement of operations and statement of surplus for the year then ended and report that the investments in stocks and bonds were verified by count or confirmation and agreed with the books of the company as at December 31, 1969. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Policy reserves and other actuarial liabilities are stated at amounts certified by the company's Actuary and have not otherwise been verified by us.

With this explanation, in our opinion the foregoing statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations for the year then ended in accordance with generally accepted accounting principles of the insurance industry.

RIDDELL, STEAD, & CO.,

Chartered Accountants

Halifax, N. S.

February 2, 1970

the management team

executive officers

W. H. C. SCHWARTZ

Chairman of the Board

R. F. RICHARDSON, F.S.A., F.C.I.A., A.C.L.U.

President and Chief Executive Officer

B. L. BURNELL, F.I.A., F.C.I.A., A.S.A.

Director, Actuarial Services, and Secretary

M.L. HEPHER, F.I.A., F.C.I.A., A.S.A.

Actuary, Ordinary Insurance

DR. S. T. LAUFER, M.D., F.A.C.P., F.A.C.C.

Medical Director

K. A. MADER, C.A.

Comptroller

E.R. QUINN

Director of Agencies

R.E. TIERNEY

Director of Group Operations

agency and administration

E. N. BLINN, C.D.P.

Manager, Data Processing

J. A. BOBBITT, F.L.M.I.

*Assistant to the President, and
Assistant Secretary*

H. J. DOBSON, C.D.P.

Manager, Systems Development

N. GILBERT, C.L.U.

Assistant Superintendent of Agencies

A. M. HOLMES, F.L.M.I.

Manager, Accounts

D. R. LENNOX, A.C.I.I., F.L.M.I.

Manager, Policyholder Services

G. R. TRUSSLER

Assistant Superintendent of Agencies

B. A. COOLEN

Acting Manager, New Business

G. R. DIMOCK

Purchasing Agent

W. G. PATTERSON

Accountant

the field organization

ARMED SERVICES DIVISION

OTTAWA

G.J. Thomas, Director
170 Metcalfe Street, Ottawa, Ont.

CANADIAN DIVISION

CAPE BRETON

H.J. Farrell, C.L.U., Manager
Shopping Plaza, Sydney River, N.S.

DEVELOPMENT

C.B. Hutchinson, Manager
1551 South Park Street, Halifax, N.S.

MONTREAL-CENTRE

J.C. Legault, Manager
50 Place Cremazie, Montreal 387, Que.

OTTAWA VALLEY

B.F. Noonan, C.L.U., Manager
Perth Masonic Temple Bldg., Perth, Ont.

ST. JOHN'S

F.C. Simms, Unit Manager
O'Leary Avenue, St. John's, Nfld.

SOUTHERN DIVISION

JAMAICA

B.E. Forrest, Manager
63 Half Way Tree Road, Kingston 10, Jamaica

TRINIDAD AND TOBAGO

M.M. deSouza, F.I.S., F.I.A., Regional Manager
H.P. Eastman, Branch Manager

Salvatori Building, Port of Spain, Trinidad
5 Carlton Centre, San Fernando
Welch Building, Scarborough, Tobago

CORNER BROOK

M.W. Scott, District Manager
Millbrook Shopping Centre, Corner Brook, Nfld.

MONCTON

1111 Main Street, Moncton, N.B.

NOVA SCOTIA

J.B. Prince, Manager
1525 Birmingham Street, Halifax, N.S.
Westside Shopping Centre, New Glasgow, N.S.

PRINCE EDWARD ISLAND

K.B. Jenkins, Manager
112 Kent Street, Charlottetown, P.E.I.

TORONTO

L. Epstein, Manager
1200 Eglinton Avenue East, Don Mills, Ont.

AGENCIES

BERMUDA

Darrell and Company

NASSAU

T.A. Pinder

VANCOUVER

Triple A Consulting Limited

THE MARITIME LIFE ASSURANCE COMPANY

Head Office: 5435 Spring Garden Road, Halifax, Canada